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# **SAVE THE BAY**

## **FINANCIAL STATEMENTS**

**September 30, 2009**

**(With Comparative Totals for September 30, 2008)**

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**CROSBY & KANEDA**  
Certified Public Accountants

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Dedicated to Nonprofit Organizations

# Save the Bay

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# CROSBY & KANEDA

Certified Public Accountants

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Dedicated to Nonprofit Organizations

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Save the Bay  
Oakland, California

We have audited the accompanying statement of financial position of Save the Bay as of September 30, 2009, and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of Save the Bay's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from Save the Bay's September 30, 2008 financial statements and, in our report, dated December 30, 2008; we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Save the Bay as of September 30, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2009 on our consideration of Save the Bay's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Crosby & Kaneda*

Certified Public Accountants  
Oakland, California  
December 29, 2009

# Save the Bay

## Statement of Financial Position September 30, 2009 (With Comparative Totals for September 30, 2008)

	2009	2008
<b>Assets</b>		
Current Assets		
Cash and cash equivalents	\$ 1,220,629	\$ 412,348
Certificates of deposit	639,347	1,057,476
Contracts receivable	200,462	126,794
Grants receivable	136,555	711,670
Accounts receivable	10,224	26,813
Prepaid expenses	32,449	26,405
Total Current assets	<u>2,239,666</u>	<u>2,361,506</u>
Property and equipment, net (Note 3)	77,771	88,176
Deposits	<u>10,155</u>	<u>9,966</u>
Total Assets	<u>\$ 2,327,592</u>	<u>\$ 2,459,648</u>
<b>Liabilities and Net Assets</b>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 55,727	\$ 89,885
Deferred tuition	<u>2,256</u>	<u>3,200</u>
Total Current liabilities	<u>57,983</u>	<u>93,085</u>
Commitments and contingencies (Notes 4 and 5)		
Net Assets		
Unrestricted		
Available for operations	1,311,831	850,078
Designated for operating reserve	<u>450,000</u>	<u>450,000</u>
Total unrestricted	<u>1,761,831</u>	<u>1,300,078</u>
Temporarily restricted (Note 6)	<u>507,778</u>	<u>1,066,485</u>
Total Net Assets	<u>2,269,609</u>	<u>2,366,563</u>
Total Liabilities and Net Assets	<u>\$ 2,327,592</u>	<u>\$ 2,459,648</u>

See Notes to the Financial Statements

# Save the Bay

## Statement of Activities For the Year Ended September 30, 2009 (With Comparative Totals for the Year Ended September 30, 2008)

	Unrestricted	Temporarily Restricted	Totals	
			2009	2008
<b>Support and Revenue</b>				
Support				
Government awards	\$ 549,882	\$	\$ 549,882	\$ 313,390
Grants and contributions	76,133	898,486	974,619	1,753,897
Membership contributions	804,672		804,672	961,567
Bequests and memorials	107,903		107,903	298,863
In kind contributions:				
Services (Note 8)	37,160		37,160	148,893
Other	19,027		19,027	6,033
Net assets released from donor restrictions (Note 6)	1,457,193	(1,457,193)	-	-
Total support	<u>3,051,970</u>	<u>(558,707)</u>	<u>2,493,263</u>	<u>3,482,643</u>
Revenue				
Fees for service	117,269		117,269	130,115
Interest	35,196		35,196	56,427
Realized loss	(11,081)		(11,081)	(40,831)
Other	87		87	152
Total revenue	<u>141,471</u>	<u>-</u>	<u>141,471</u>	<u>145,863</u>
Total Support and Revenue	<u>3,193,441</u>	<u>(558,707)</u>	<u>2,634,734</u>	<u>3,628,506</u>
<b>Expenses</b>				
Program	1,998,302		1,998,302	2,411,044
Management and general	293,073		293,073	237,580
Fundraising	440,313		440,313	424,182
Total Expenses	<u>2,731,688</u>	<u>-</u>	<u>2,731,688</u>	<u>3,072,806</u>
Change in Net Assets	<u>461,753</u>	<u>(558,707)</u>	<u>(96,954)</u>	<u>555,700</u>
Net Assets, beginning of year	<u>1,300,078</u>	<u>1,066,485</u>	<u>2,366,563</u>	<u>1,810,863</u>
Net Assets, end of year	<u>\$ 1,761,831</u>	<u>\$ 507,778</u>	<u>\$ 2,269,609</u>	<u>\$ 2,366,563</u>

See Notes to the Financial Statements



# Save the Bay

## Statement of Cash Flows For the Year Ended September 30, 2009 (With Comparative Totals for the Year Ended September 30, 2008)

	2009	2008
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (96,954)	\$ 555,700
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation	29,886	28,397
Realized loss	11,081	40,831
Change in assets and liabilities:		
Contracts receivable	(73,668)	52,366
Grants receivable	575,115	(347,082)
Accounts receivable	16,589	(23,323)
Prepaid expenses	(6,044)	20,587
Deposits	(189)	116
Accounts payable and accrued expenses	(34,158)	34,467
Deferred tuition	(944)	(2,090)
Net cash provided by operating activities	<u>420,714</u>	<u>359,969</u>
<b>Cash flows from investing activities:</b>		
Acquisition of fixed assets	(19,481)	(49,708)
Net (increase) decrease in certificates of deposit	<u>407,048</u>	<u>(421,428)</u>
Net cash provided (used) by investing activities	<u>387,567</u>	<u>(471,136)</u>
Net change in cash and cash equivalents	<u>808,281</u>	<u>(111,167)</u>
Cash and cash equivalents, beginning of year	<u>412,348</u>	<u>523,515</u>
Cash and cash equivalents, end of year	<u>\$ 1,220,629</u>	<u>\$ 412,348</u>

See Notes to the Financial Statements

**Statement of Functional Expenses**  
**For the Year Ended September 30, 2009**  
**(With Comparative Totals for the Year Ended September 30, 2008)**

	Program Services				Supporting Services		Totals
	Restoration Campaigns	Bay Protection	Education & Outreach	Watershed Education	Management and General	Fundraising	
			Public				2008
							2009
Salaries	\$ 493,854	\$ 301,936	\$ 91,015	\$ 250,609	\$ 176,077	\$ 167,409	\$ 1,371,187
Payroll taxes	40,458	24,526	7,290	20,231	14,379	13,644	111,480
Pension contributions	5,041	2,818	879	2,588	2,055	1,718	14,100
Other employee benefits	37,271	20,822	6,398	20,069	14,210	11,785	123,175
	<u>576,624</u>	<u>350,102</u>	<u>105,582</u>	<u>293,497</u>	<u>206,721</u>	<u>194,556</u>	<u>1,619,942</u>
Advertising and promotion	326	113	3,325	1,662	82	1,160	6,668
Supplies	21,138	3,303	1,141	6,569	2,343	2,832	37,326
Telephone	6,565	2,796	888	3,378	1,569	1,088	16,284
Postage	7,047	2,543	3,005	1,091	726	39,370	53,782
Equipment rental/maintenance	1,620	900	280	874	651	518	4,843
Bank fees					9,321	251	9,572
Occupancy	34,986	19,444	6,054	18,867	14,057	11,184	104,592
Printing and publications	17,274	6,766	4,836	2,502	563	82,336	114,277
Travel, meals and entertainment	26,631	6,687	421	29,031	546	675	63,991
Conferences, conventions, meetings	2,056	1,537	303	1,083	2,138	272	7,389
Grants	4,500	102,827					107,327
Depreciation	8,070	1,723	536	17,320	1,246	991	29,886
Insurance	8,083	2,305	718	11,846	3,548	1,326	27,208
Dues, licenses, service fees	3,553	892	1,251	2,692	(286)	2,540	11,330
Professional services	40,928	75,283	67,352	13,462	42,161	98,711	337,897
In kind professional services		37,160					37,160
Events, food, facilities							
Miscellaneous expense	4,583	1,164	8,103	11,104	7,687	2,503	35,144
Total	<u>\$ 763,984</u>	<u>\$ 615,545</u>	<u>\$ 203,795</u>	<u>\$ 414,978</u>	<u>\$ 293,073</u>	<u>\$ 440,313</u>	<u>\$ 2,731,688</u>
							<u>\$ 3,072,806</u>

See Notes to the Financial Statements

# SAVE THE BAY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2009

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2008)

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### NOTE 1: NATURE OF ACTIVITIES

Save the Bay (the Organization) is a California nonprofit public benefit corporation, founded in 1961 to preserve, restore, and protect the San Francisco Bay and Sacramento/San Joaquin River Delta Estuary as a healthy and biologically diverse ecosystem that is valued as essential to the well-being of the human community it sustains. Program services include bay protection, restoration campaign, public education and outreach and watershed education. The Organization's office is located in Oakland, California and its primary sources of income are public and private grants and contributions.

### NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

#### **Basis of Presentation**

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization has no permanently restricted net assets.

#### **Revenue Recognition**

Contributions are recognized as revenue when received or unconditionally promised. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

#### **Income Taxes**

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501 (c) (3) and the California Revenue and Taxation Code Section 23701(d).

#### **Donated Services**

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.



# SAVE THE BAY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2009

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2008)

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### Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### Cash and Equivalents

For purposes of the statement of cash flows, the Organization considers all cash and other highly liquid investments with maturities of three months or less to be cash equivalents.

### Property and Equipment

All acquisitions of property and equipment in excess of \$500 and all expenditures for repairs and maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment.

### Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

### Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

### Prior Year Summarized Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2008, from which the summarized information was derived.

### NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment consist of the following at September 30:

	<u>2009</u>	<u>2008</u>
Furniture and vehicles	\$ 263,818	\$ 283,023
Less accumulated depreciation	<u>(186,047)</u>	<u>(194,847)</u>
Total	<u>\$ 77,771</u>	<u>\$ 88,176</u>

# SAVE THE BAY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2009

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2008)

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### NOTE 4: COMMITMENTS

#### Operating Leases

The Organization is party to leases for office space in Oakland and a copier which expire in April, 2011 and July, 2013 respectively. Future minimum operating lease payments were as follows for the years ending September 30:

2010	\$ 94,484
2011	33,924
2012	<u>2,418</u>
Total	<u>\$ 130,826</u>

Rent for the years ended September 30, 2009 and 2008 was \$88,760 and 88,987 respectively.

### NOTE 5: CONTINGENCIES

The Organization receives a portion of its support from federal and state governments. A significant reduction in the level of this support, if this were to occur, may have an effect on the Organization's program and activities.

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. The Organization's management is of the opinion that the Organization has complied with the terms of all grants.

### NOTE 6: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available as follows as of September 30:

	<u>2009</u>	<u>2008</u>
Watershed education	\$ 30,000	\$ 37,375
Estuary restoration	81,500	171,842
Communities Save San Francisco Bay	-	125,000
Pollution prevention	-	287,500
Restoration Policy and funding	132,000	95,490
Bay Fill prevention	264,278	299,278
Technology	<u>-</u>	<u>50,000</u>
Total	<u>\$ 507,778</u>	<u>\$1,066,485</u>



# SAVE THE BAY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2009

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2008)

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Temporarily restricted net assets were released from donor restriction by incurring expenses satisfying the purposes specified by donors as follows during the year ended September 30:

	2009	2008
Watershed education	\$ 353,542	\$ 239,625
Estuary restoration	365,161	244,750
Communities Save San Francisco Bay	125,000	125,000
Pollution prevention	290,000	307,336
Restoration Policy and funding	113,490	148,000
Bay Emergency Response Fund	-	37,345
Technology	50,000	35,000
Bay Fill prevention	<u>160,000</u>	<u>252,500</u>
Total	<u>\$ 1,457,193</u>	<u>\$ 1,389,556</u>

### NOTE 7: PENSION

The Organization has a defined contribution plan as established under Internal Revenue Code Section 403(b) (the Plan). All employees who work at least 1,000 hours per year are eligible for participation in the Plan after one full year of employment, and become vested at that time. For each Plan year, the Board of Directors of the Organization determines the amount (if any) to be contributed to the Plan by the Organization, and matches 50% of each eligible employee's contributions up to \$1,000. Total contributions made by the Organization for the years ended September 30, 2009 and 2008 were \$15,100 and \$14,100 respectively.

### NOTE 8: IN KIND SUPPORT

#### Specialized services

The Organization received an in-kind donation for designing a public service ad campaign to prevent Bay pollution caused by residents. For the years ended September 30, 2009 and 2008 the value of these services was estimated at \$37,160 and \$148,893, respectively. These services were recorded as revenue and the corresponding expenses were allocated to program expenses as this campaign promoted public behavior to protect San Francisco Bay.

#### Volunteer Services

In addition to the specialized services, the Organization organized work parties of volunteers to carry out restoration projects removing invasive species growing in San Francisco Bay, collecting seeds from native plants, and planting over 25,175 seedlings to restore the bio-diversity and health of the bay. The value of these services was estimated at \$516,902 and \$448,307 for the years ended September 30, 2009 and 2008 respectively. Of that amount, \$260,282 and \$169,201 was used to meet the matching requirement of grants from the National Oceanic and Atmospheric Administration, Environmental Protection Agency, and California Coastal Conservancy for the years ended September 30, 2009 and 2008 respectively.

# SAVE THE BAY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2009

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2008)

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### NOTE 9: JOINT COSTS OF ACTIVITIES THAT INCLUDED FUNDRAISING APPEALS

The Organization engaged in a number of activities, such as newsletters, that included a fundraising appeal. As a result, the costs of these activities were allocated between fundraising, program and management and general services as follows for the years ended September 30:

	<u>2009</u>	<u>2008</u>
Costs allocated to program activities	\$ 62,865	\$ 88,697
Costs allocated to fundraising activities	110,667	97,256
Costs allocated to management and general	<u>1,214</u>	<u>6,666</u>
Total	<u>\$ 174,746</u>	<u>\$ 192,619</u>



**Report on Internal Control Over Financial Reporting and on Compliance and Other  
Matters Based on an Audit of Financial Statements Performed in Accordance With  
*Government Auditing Standards***

Board of Directors  
Save the Bay  
Oakland, California

We have audited the financial statements of Save the Bay as of and for the year ended September 30, 2009, and have issued our report thereon dated December 29, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Save the Bay's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting. A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Save the Bay's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, and the California Department of Boating and Waterways, the California State Coastal Conservancy, and the Organization's federal funding agencies and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Crosby & Kameda". The signature is written in a cursive, flowing style.

Certified Public Accountants  
Oakland, California  
December 29, 2009